

SAINT LUCIA

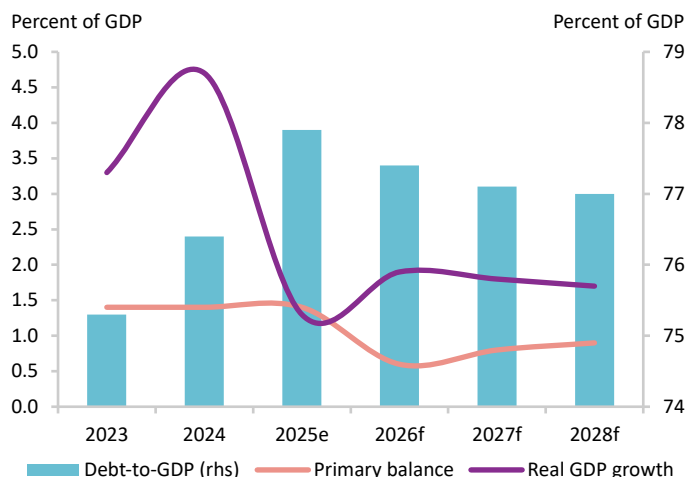
The economy is estimated to have grown 1.3 percent in 2025, following an expansion of 4.7 percent in 2024. A fiscal consolidation is needed as debt-to-GDP is projected to stabilize around 77 percent over the medium term. Structural reforms—including in revenue mobilization, financial sector, and social protection—are critical for building fiscal buffers, creating formal jobs, and accelerating poverty reduction.

Key conditions and challenges

Saint Lucia is a small tourism-dependent economy with volatile economic growth, averaging 1.4 percent from 2011 to 2019. Frequent external shocks have undermined its fiscal position, but the pegged exchange rate under the Eastern Caribbean Currency Union (ECCU) has helped ensure price stability.

In 2015, the latest year with available data, fewer than 1 in 10 Saint Lucians were considered poor (US\$8.30/day, 2021 PPP). Inequality was high, with a Gini index above 40. Monetary poverty is estimated to have declined steadily since, interrupted only by a peak during the Covid-19 pandemic. Recent census data point to improvements in non-monetary poverty between 2010 and 2022: the share of households without toilet facilities decreased from 6.2 percent to 1.9 percent, fewer households are living in houses with substandard material (reduction from 12.4 percent to 10.3), households with internet access increased from 26.5 percent to 89.1 percent, and education statistics indicate increases in educational attainment.

FIGURE 1 / Key macroeconomic variables



Sources: World Bank, Ministry of Finance, Eastern Caribbean Central Bank, and IMF.

Population ¹ thousand	Poverty ² thousands living on less than \$8.30/day
180.1	13.6
Life expectancy at birth ³ years	School enrollment ⁴ primary (% gross)
72.7	96.8
GDP ⁵ current US\$, billion	GDP per capita ⁶ current US\$
2.6	14600.3

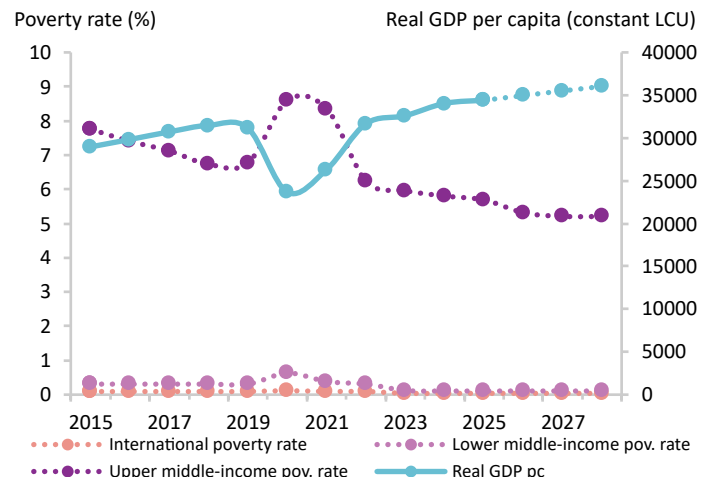
Sources: WDI, MFMod, and official data. 1/ 2025. 2/ 2015 (2021 PPPs). 3/ 2023. 4/ 2024. 5/ 2025. 6/ 2025.

As Saint Lucia's economic growth moderates to its potential over the longer-term, and if no consolidation measures are taken, debt-to-GDP is projected to stabilize around 77 percent, above the ECCU-wide debt target of 60 percent of GDP by 2035. To address this, the Government should focus on enhancing domestic revenue mobilization, promoting stronger growth, and boosting productivity. This can be achieved by prioritizing key infrastructure projects, addressing frictions to credit access, enhancing digitalization, fostering labor market reforms, and strengthening social protection. Greater connectivity, regional coordination, strengthening education, and skill development can also expand exports and promote growth.

Recent developments

Growth is estimated to have decelerated to 1.3 percent in 2025, with weaker tourism dampening the impulse from strong construction activities. Stayover arrivals are estimated to have fallen 2 percent in 2025 but remained 0.7 percent above the 2019 level. Construction maintained strong momentum, underpinned by the continuation of major projects. Growth in the agricultural sector eased to a solid 5.6 percent in 2025.

FIGURE 2 / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: See footnotes in table on the next page.

Price pressures abated in 2025, with headline inflation estimated at 0.9 percent, driven by the removal of import duties on all price-controlled foods and the elimination of value-added tax (VAT) on several food items. These policy measures should have benefitted poor households for whom food accounts for a high share of expenditure. The current account deficit increased to an estimated 2.5 percent of GDP in 2025, resulting from higher imports of construction materials and lower tourism receipts, coupled with lower remittance inflows. Foreign Direct Investment inflows remained elevated at an estimated 7.0 percent of GDP, mainly directed to the construction sector. Imputed international reserves covered 3.5 months of imports at the end of 2025.

The fiscal deficit increased slightly to 1.9 percent of GDP in FY25/26. On the revenue side, policy measures—including higher income tax allowances and the removal of VAT and import duties on selected items—are expected to have reduced collections by about 0.7 percentage points. Meanwhile, expenditures increased by approximately 0.8 percentage points in FY25/26, due to increases in minimum government pensions and higher goods and services spending, partly reflecting the cost of operating St. Jude's Hospital. As a result, public debt increased to an estimated 77.9 percent of GDP in FY25/26.

Outlook

Real output growth is projected to reach 1.9 percent in 2026 and gradually moderate to 1.7 percent in 2028 as major infrastructure

projects are completed and tourism approaches capacity. Agricultural and fishing output is expected to rise modestly, following recent unfavorable weather conditions and the total ban on seafood exports to the United States. Poverty reduction is projected to level off in the medium term, given the moderation in economic growth, with about 5 percent of the population projected to be poor at US\$8.30 a day. Inflation is expected to increase to 2.1 percent in 2026, following the global surge in oil prices. Meanwhile, the current account deficit is projected to gradually narrow from 4.7 percent of GDP in 2026 to 1.3 in 2028, as construction activity moderates and tourism exports recover.

With the tax amnesty-program scheduled to expire in May 2026, total revenue is expected to decline from 23.2 percent of GDP in FY25/26 to 22.1 percent of GDP in FY26/27. Consequently, the primary surplus is expected to fall slightly below 1.0 percent of GDP over the mid-term. Without fiscal consolidation, public debt is projected to remain elevated around 77 percent of GDP toward the end of the forecast horizon.

The risks to the outlook are skewed to the downside, including economic slowdowns in key tourism-origin countries, further increases in oil prices due to the conflict in the Middle East, lower revenues from the Citizenship-by-Investment Program, delays in fiscal consolidation, delays or cost overruns in large investment projects, and natural disasters. These risks could disproportionately impact poor and vulnerable households. Upside risks include stronger-than-expected tourism and more effective implementation of public investment.

Recent history and projections

	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	3.3	4.7	1.3	1.9	1.8	1.7
Real GDP growth, at constant factor prices	3.2	3.7	1.3	1.9	1.8	1.7
Agriculture	-8.9	10.3	5.6	3.1	3.0	3.0
Industry	4.3	8.1	7.5	3.9	2.0	1.8
Services	3.2	2.9	0.2	1.5	1.7	1.7
Inflation (consumer price index)	4.5	-0.5	0.9	2.1	2.0	2.0
Current account balance (% of GDP)	-2.2	-1.6	-2.5	-4.7	-1.6	-1.3
Fiscal balance (% of GDP)¹	-3.2	-1.8	-1.9	-2.7	-2.5	-2.5
Revenues (% of GDP)¹	22.1	22.5	23.2	22.1	22.2	22.2
Debt (% of GDP)^{1,2}	75.3	76.4	77.9	77.4	77.1	77.0
Primary balance (% of GDP)¹	0.2	1.4	1.4	0.6	0.8	0.9
International poverty rate (\$3.00 in 2021 PPP)^{3,4}	0.0	0.0	0.0	0.0	0.0	0.0
Lower middle-income poverty rate (\$4.20 in 2021 PPP)^{3,4}	0.1	0.1	0.1	0.1	0.1	0.1
Upper middle-income poverty rate (\$8.30 in 2021 PPP)^{3,4}	6.0	5.8	5.7	5.3	5.2	5.2
GHG emissions growth (mtCO₂e)	0.6	1.1	0.5	0.9	0.7	0.6

Source: World Bank, Fiscal Policy & Growth Department. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.

1/ Fiscal ratios are calculated on a fiscal-year basis (April-March).

2/ Public debt includes payables and overdrafts/Eastern Caribbean Central Bank advances.

3/ Calculations based on CONLAC harmonization, using 2015-SLCHBS. Actual data: 2015. Nowcast: 2016-2025. Forecasts are from 2026 to 2028.

4/ Projection using neutral distribution (2015) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.